

Members

Sen. Morris Mills, Chairperson
Sen. Joseph Harrison
Sen. James Lewis
Sen. Cleo Washington
Rep. Robert Bischoff
Rep. Thomas Kromkowski
Rep. Richard Mangus
Rep. Ralph Foley
Kenneth Stoughton
The Honorable David Dreyer
Karen Kennelly



PUBLIC OFFICERS COMPENSATION STUDY COMMITTEE

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Authority: P.L. 39-1999 (HEA 1150)

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MEETING MINUTES¹

Meeting Date: October 12, 1999
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington
St., Room 401B
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. Morris Mills, Chair; Sen. James Lewis; Rep. Robert Bischoff; Rep. Thomas Kromkowski; Rep. Richard Mangus; Rep. Ralph Foley; Kenneth Stoughton; The Honorable David Dreyer; Karen Kennelly.

Members Absent: Sen. Joseph Harrison; Sen. Cleo Washington.

The Chair, Senator Mills, called the meeting to order at approximately 10:10 a.m.

The Chair asked Philip J. Sachtleben, the acting Executive Director of the Legislative Services Agency, to give a report of contacts made with other states that have compensation commissions.

Mr. Sachtleben gave the Committee general observations regarding compensation commissions. He noted that compensation commissions are either advisory or binding. In the former case, the state legislature must take some affirmative act to implement the recommendations of the state's compensation commission. In the case of commissions with binding authority, the state legislature must take some action to prevent the

1. Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

commission's recommendations from taking effect. Mr. Sachtleben observed that in the states that have been contacted, judges tended to be treated more as state employees are treated, receiving salary adjustments more frequently than elected officials.

Mr. Sachtleben then turned to the experiences of three states: Maryland, Michigan, and Missouri. He noted that the commissions that existed in these states were created by their respective state constitutions rather than being the result of a statutory change.

Maryland: Mr. Sachtleben reported that Maryland actually has three separate commissions, one for each of the executive, judicial, and legislative branches of the state government. He said that each commission is required to meet every two years. If the Maryland legislature takes no action, a commission's recommendation becomes law. The legislature is permitted to decrease a commission's recommendations, but may not increase it. Mr. Sachtleben said that judicial salaries are also linked to those of state employees so that judicial officers will receive any cost of living adjustments that state employees normally receive. He also said that the recommendations for executive and judicial officers are considered by the legislature's normal committee process, while legislative salary recommendations run through a different process.

Michigan: Mr. Sachtleben told the Committee that his contact in Michigan has told him that the Michigan process has been successful, resulting in regular salary adjustments for public officers and moving consideration of salary adjustments out of the political realm. He reported that the process to reject a commission recommendation usually does not require a legislative vote. Mr. Sachtleben reviewed a report of the Michigan commission and indicated that more information could be seen at the following website: <http://www.state.mi.us/sfa/pubs/NOTES/node98bb.htm>

Missouri: Mr. Sachtleben described the Missouri experience with its commission as a struggle. The Missouri commission did much of its initial work studying equalization of public officials' salaries with salaries in the private sector. The Missouri commission issued a report in 1996 and a report in 1999. Mr. Sachtleben told the Committee that both recommendations have been challenged in court and neither have been implemented.

Staff reviewed charts for the Committee that compare actual salary increases given to the various state officers since 1969 to what the salary would be if 1969 salaries had been annually adjusted using the Consumer Price Index.²

Committee members discussed the experience of the Missouri commission. Senator Mills said that an important question to be answered is what are the appropriate job and salary markets for the various public officials. He cited the governor's salary as one he considered insufficient for the responsibilities of the office. Senator Mills observed that it

2. A set of the charts is Exhibit 1 to these Minutes. The set consists of the following charts: "Trial Court Judges"; "Appellate Court"; "Supreme Court Justices"; "General Assembly"; "Governor"; "Lieutenant Governor"; "Secretary of State"; "Auditor"; "Treasurer"; "Attorney General"; "Clerk of the Supreme Court"; "Superintendent". A user of the charts should note that the line for the salaries adjusted using the CPI appears smoother than the line for actual salaries.

would be difficult for an individual with college-age children and a home mortgage to serve as governor at the current compensation levels. He suggested that the Governor's salary ought to be at least as much as is paid to the Chief Justice of the Indiana Supreme Court.

Senator Mills said that when he was a member of the General Assembly in 1969, the salary was \$1,800 per year. He said that he calculated that for 62 days of in-session work and four study committee days over a two-year period, he averaged \$62/day for each day he spent on legislative business in 1969. Using the current salary and per diem allowances, he calculated that he now makes \$195 for each day of legislative business. Senator Mills reported that the Legislative Services Agency has calculated that the \$62 in 1969 dollars would be worth \$275 today using increases in the Consumer Price Index.

Senator Mills asked Ms. Kennelly and Mr. Stoughton what role consultants play in setting the salaries of executives in the private sector. Ms. Kennelly and Mr. Stoughton described the process in the private sector. Mr. Stoughton said that his company hires salary consultants every other year to assist in setting executive compensation. Ms. Kennelly said that nonprofit organizations tend to use salary surveys. Representative Bischoff asked for an estimate of the cost of hiring a consultant. Mr. Stoughton said that a contract with a salary consulting firm could cost \$50,000. Ms. Kennelly said that a nonprofit organization would probably not spend that amount on a contract but that much of the background work would be done by the nonprofit organization's own staff.

Mr. Stoughton suggested that the Committee should not recommend creation of a commission, but recommend giving some existing governmental agency the authority to hire consultants to make recommendations regarding public officers' salaries. Representative Bischoff asked why the function of a consultant couldn't be performed by the LSA. Senator Mills responded that the role of the LSA does not permit it to consider whether initial assumptions concerning appropriate salaries are justified.

Representative Foley said he favored having a commission that would make reasonable recommendations concerning public officials' salaries based on impartial analysis. He said individuals should not be discouraged from serving in public office. The General Assembly should have ultimate accountability for salary levels. Whatever legislative action is required from the General Assembly should be carried out early in the session. Representative Kromkowski indicated that he agreed with Representative Foley's comments. Representative Bischoff said he was concerned that the citizens' legislature does not become a full time legislature.

Committee members also discussed what agency should provide staff to a commission, the number of members who should serve on the commission, and whether a commission should have advisory or binding authority. Representative Foley suggested that the commission have authority regarding the salaries of all judicial officers including prosecutors, magistrates, commissioners, and referees.

The Chair instructed staff to prepare two drafts for the Committee's consideration: One draft would propose creation of an advisory compensation commission, the other would create a compensation commission whose recommendations would be binding unless the General Assembly overruled the recommendations. Senator Mills instructed that the draft should start with HB 1647-1999 and specifically include the following: (1) Explicitly authorize the commission to hire consultants. (2) Coordinate the commission's work with the state budget process. (3) Provide that the Legislative Services Agency is the primary staff agency for the commission. (4) Provide for the commission's operations through a

general appropriation. (5) In the case of a commission with binding authority, provide that the General Assembly's ability to void a salary rule occurs during the short session before a salary rule takes effect. (6) Require the commission to adopt a separate rule for the salary of each public officer. (7) The commission should be able to consider all aspects of compensation when making a recommendation regarding salaries.

The Chair also instructed staff to project the current salaries of public officials into the next two years.

The Chair adjourned the meeting before noon.